ROYAL BANK OF CANADA

Royal Bank *of* Canada Report to *Shareholders*

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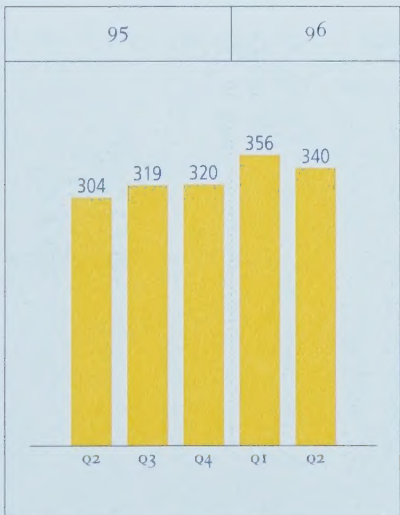
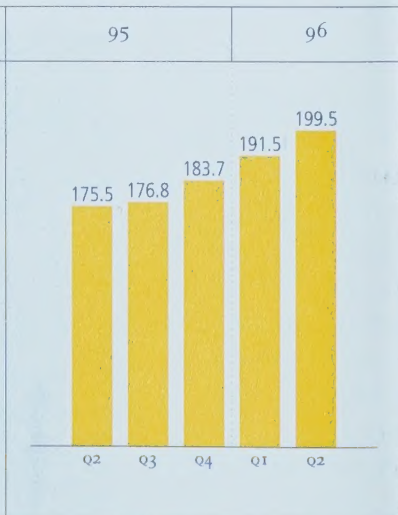
ROYAL BANK OF CANADA

Second Quarter 1996

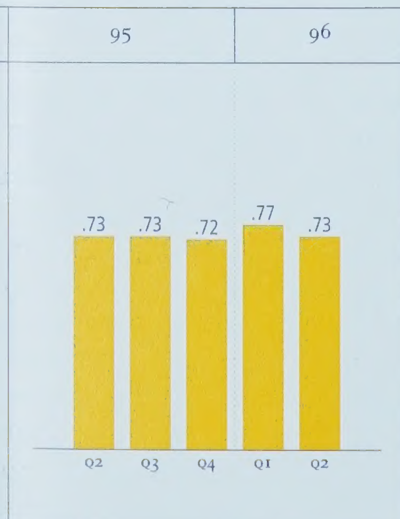
			INCREASE (DECREASE)	
(in millions of dollars, except per share amounts)	1996	1995	AMOUNT	%
Second quarter ended April 30				
Net income	**$ 340**	$ 304	$ 36	12%
Earnings per share	**.97**	.83	.14	17
Dividends per share	**.34**	.29	.05	17
Return on assets	**.73%**	.73%	– %	–
Return on common shareholders' equity	**17.0%**	16.3%	.7 %	–
Six months ended April 30				
Net income	**$ 696**	$ 623	$ 73	12%
Earnings per share	**1.98**	1.71	.27	16
Dividends per share	**.65**	.58	.07	12
Return on assets	**.75%**	.73%	.02 %	–
Return on common shareholders' equity	**17.5%**	16.8%	.7 %	–
As at April 30				
Total assets	**$199,466**	$175,491	$23,975	14%
Loans	**122,702**	114,661	8,041	7
Deposits	**149,823**	137,844	11,979	9
Common shareholders' equity	**7,387**	6,676	711	11
Book value per share	**23.51**	21.25	2.26	11
Share price	**32.25**	29.88	2.37	8
Capital ratios – Tier 1	**7.0%**	6.6%	.4 %	–
– Tier 2	**2.7%**	3.2%	(.5)%	–
– Total	**9.7%**	9.8%	(.1)%	–



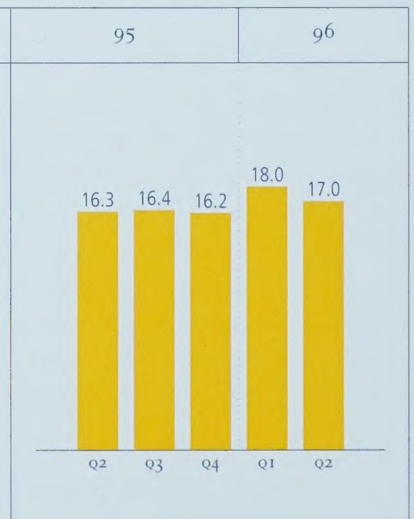
NET INCOME
($ MILLIONS)



TOTAL ASSETS
($ BILLIONS)



RETURN ON ASSETS
(%)



RETURN ON EQUITY
(%)

- The quarterly dividend on Royal Bank common shares is increased by 3 cents to 34 cents for the dividend paid May 24 to shareholders of record on April 24. This is the second dividend increase in six months.

- A successful 1996 Retirement Savings Plan campaign helps to increase Personal Financial Services' total RSP portfolio by almost 13% from April 30, 1995, to April 30, 1996, to $21.5 billion. This total consists of $15.7 billion in deposits and $5.8 billion in Royal Mutual Funds. Loans to invest in RSPs increase 41% over the year to $384 million at April 30, 1996.

- Royal Mutual Funds, the top selling mutual fund family in Canada during the January-February RSP season, is also the country's fastest growing mutual fund family during the second quarter. Total assets grow to $14.9 billion at April 30 from $12.9 billion at January 31, 1996.

- Card Services introduce a new *Visa* Classic II card developed in partnership with 39 of Canada's top retailers. It offers instant discounts, bonuses, points, gift certificates, purchase protection and a number of travel features, and is the only Canadian credit card offering such a combination of features.

- An annual multi-trip option is added to Royal Bank Travel HealthProtector out-of-country emergency medical insurance for Canadians making frequent trips out of the country.

- A new *"Yes, You Can" Mortgage* brings together in a single product several features that first-time home buyers indicate are important to them, including a cash start-up bonus and options to increase security and flexibility in financially uncertain times.

- Royal Direct, Royal Bank's telephone banking service, surpasses the half-million customer mark, making it one of the largest and fastest-growing telephone banking operations in the world. From a start of 34,000 clients less than two years ago, Royal Direct is now poised to reach the 850,000 customer mark by year-end.

- Royal Bank becomes the first Canadian chartered bank to lend against foreign accounts receivable to six key European and Asian-Pacific countries. Previously, such lending was limited to accounts in Canada and the United States. This will make it easier for small and medium-sized Canadian firms to participate in the export market.

- A National Entrepreneurial Advisory Council is created with 10 top entrepreneurs from across Canada to provide advice to the bank on the needs of small businesses in new areas of growth. An early recommendation by the council is to create an "apprentices" program for bank account management trainees. A test begins with the vice-president of Small and Medium-sized Enterprises starting a full-time stint with a small business to experience first hand the day-to-day realities facing business clients.

- Royal Bank and Business Development Bank of Canada form a strategic alliance to help fill a gap in traditional lending patterns for "new economy" small business in Southern Ontario. The move follows on the success of a pilot program implemented last year for innovative, knowledge-based firms in the Kitchener-Waterloo-Guelph "Technology Triangle" in Ontario.

- Royal Bank and CIBC join forces with the Canadian Youth Foundation in an initiative intended to directly support the creation of more than 5,000 new businesses over the next five years that will create jobs and employ young people. The non-profit, private-sector initiative called Canadian Youth Business Foundation will provide mentoring, business support and micro-lending to young Canadian entrepreneurs.

Texts of the address to shareholders by Mr. John E. Cleghorn, Chairman & Chief Executive Officer, and of the overview of 1995 financial results presented by Mr. J. Émilien Bolduc, Vice-Chairman & Chief Financial Officer, at the 127th Annual Meeting on March 6, 1996, are available by writing to the Public Affairs Department at the address on the back of this report or by faxing the request to (514) 874-2539.

To our Shareholders

Backed by strong performance from two high-growth, fee-based businesses – RBC Dominion Securities and Royal Mutual Funds Inc. – and a lower provision for credit losses, net income in the second quarter was up 12% from a year ago to $340 million. Compared to last quarter, net income was down 4%, largely reflecting fewer days in the quarter and lower proceeds from the sale of LDC past due interest bonds. For the first six months, net income was $696 million, up 12% over the first half of 1995.

Return on average common shareholders' equity was 17.0% this quarter, within the range of 16.0-18.0% we have set as a medium-term financial goal. It compared to 16.3% in the second quarter of 1995 and 18.0% last quarter.

The bank's total assets approached $200 billion at April 30. Compared to a year ago, total loans and bankers' acceptances were up 7% and total deposits up 9%.

Other income accounted for 38% of total revenues this quarter, up from 36% a year ago and from 37% last quarter. A record performance by RBC Dominion Securities reflected strong capital market conditions. As well, Royal Mutual Funds Inc., supported by strong customer service, distribution and fund performance over the last year, was Canada's fastest growing mutual fund family this quarter and mutual fund fees for the quarter increased 28% from a year ago and 16% from last quarter.

Trading, a recent strong performer, produced lower earnings, however. Currency and interest rate movements were not in line with the bank's expectations this quarter.

Our efficiency ratio (non-interest expenses expressed as a percentage of total revenues) was 64.3%. This is up from 62.6% a year ago and 62.5% last quarter. The increase in part reflects the higher activity and contribution from RBC Dominion Securities, which as a business has a higher efficiency ratio. It also reflects higher costs associated with initiatives to achieve lasting efficiency improvements and increase revenue growth down the road.

The favourable trend in credit quality continued as impaired loans fell further and the bank remained on track to report a 24% reduction in the provision for credit losses in fiscal 1996 from 1995.

As evidenced on the preceding page, we continue to pursue aggressively new initiatives aimed at growing and diversifying our business.

Last quarter, when referring to the bank's study titled *Three Cs of Canadian Banking: Conduct, Competition and Concentration,* I noted how various circumstances are placing Canadian banks and their customers at a competitive disadvantage in an ever-changing market place. I would like to return to two areas of financial services – car leasing and sale of insurance in branches – where public policy is working against Canadians.

The federal government will not allow banks at this time to sell insurance to our own customers in our branches and it may maintain a similar prohibition on car leasing.

It is curious that many big foreign companies, which sell insurance in Canada and oppose Canadian banks doing so in their branches, themselves distribute insurance through banks in their home markets.

The curtailment of consumer choice regarding car leasing is also all the more strange given that Canada's car leasing market is dominated by foreign-owned leasing companies, mainly the financing arms of the Big Three automobile makers.

Keeping banks out of these two fields not only gives foreign-owned multinationals an unfair advantage over their smaller Canadian competitors but also curbs consumer access to new services at better prices – benefits that were amply demonstrated when banks entered personal lending and residential mortgages three decades ago and the securities field in the 1980s.

Restricting competition in insurance and car leasing works to the disadvantage of the Canadian public. Canadians should have the right to choose freely where they buy their financial services.

John E. Cleghorn
Chairman and
Chief Executive Officer
May 29, 1996

Global Private Banking

Global Private Banking (GPB) is Royal Bank Financial Group's international private banking operation. Through its 27 offices in 21 countries, GPB provides international banking, trust and investment management services to over twenty-five thousand affluent clients in 140 countries. Based on revenues, GPB is considered to be amongst the top 25 global private banking operations worldwide. Its international network is the largest and most extensive of any Canadian financial services organization, providing a distinct competitive advantage.

With revenues of over $200 million, GPB provided nearly one-fifth of Royal Bank Financial Group's total international revenues in 1995. Revenues are derived 55 per cent from fees, with the balance representing net interest income.

GPB is a high growth area for the Royal Bank Financial Group. Strong demographics, growth in international capital markets and rapidly expanding economies outside North America are factors that will drive this growth. With its extensive experience, and a complete range of products and services suited to the needs of high net worth clients, GPB is well positioned to benefit from the expanding private client wealth market.

Total client assets under administration exceed $32 billion, including assets under management of over $8 billion. Our investment expertise is based on an intimate knowledge of the world's major and developing economies.

Our commitment to building a strong international capability is evidenced through the formation of our Global Investment Group (GIG). This group consists of investment specialists located in key markets around the world, focused on developing and implementing investment strategies for both personal and institutional clients. Their views are published in the quarterly strategy document – International Investment Outlook – published annually in five languages. This helps to ensure that investment performance is at the world class standard our clients expect.

GPB's strategy is to continue to build international revenues, diversify into new markets and provide superior client service and investment performance.

Our recent client survey revealed that the majority of our clients who also use other private banks consistently rated GPB's people, products and services higher than those of major competitors. More importantly, a significant proportion of these clients planned to increase their business with us in the future.

A number of new products and service enhancements have recently been introduced to improve service quality. Building on the success of Royal Bank's domestic mutual fund business, earlier this year we launched GPB's international family of mutual funds into a single multi-currency no-load umbrella fund – The RBC Global Funds. This product is targeted at our global client base outside North America. We expect to generate substantial future growth from our family of international mutual funds.

GPB will continue its focus on product innovation, service enhancement and superior investment performance for clients to drive revenue generation in this high growth market. Our goal is to be ranked among the top 15 global players within the next 10 years.

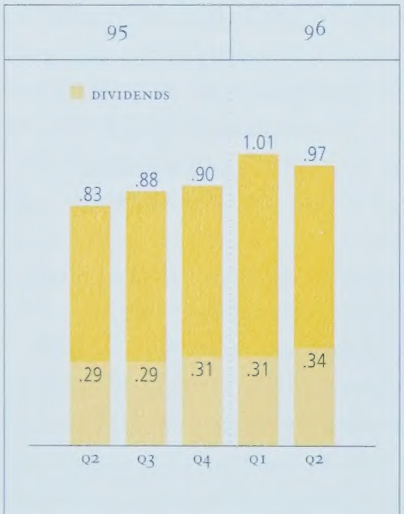
DISCUSSION OF EARNINGS

OVERVIEW

Net income in the second quarter was $340 million, up $36 million or 12% from a year ago due largely to record earnings at RBC Dominion Securities and a lower provision for credit losses in the business loan portfolio.

Compared to last quarter, net income was down $16 million or 4%, largely reflecting the impact of 2 fewer days this quarter and lower proceeds from the sale of LDC past due interest bonds.

Earnings per share were 97 cents compared to 83 cents a year ago and a record $1.01 last quarter.



EARNINGS PER SHARE ($)

Return on average common shareholders' equity was 17.0% versus 16.3% in the second quarter of 1995 and 18.0% last quarter. Return on average assets was .73%, unchanged from a year ago and down from .77% last quarter.

For the first six months of 1996, net income was $696 million, up $73 million or 12% from the first half of 1995, reflecting strong results at RBC Dominion Securities, lower credit losses and proceeds from the sale of LDC past due interest bonds.

Six-month earnings per share were $1.98, up 27 cents or 16% from a year ago. Return on average common shareholders' equity was 17.5% versus 16.8% in 1995, while return on average assets was .75% compared to .73% last year.

DOMESTIC EARNINGS

Net income from domestic operations was $214 million, up $22 million or 11% from a year ago. Contributing to the increase were strong results at RBC Dominion Securities, higher mutual fund fees, and lower credit losses. Return on average assets was .59% compared to .58% in the second quarter of 1995.

For the six months ended April 30, 1996, domestic net income was up $45 million or 12% while domestic return on assets was .59% compared to .56% last year.

INTERNATIONAL EARNINGS

International net income was $126 million, up $14 million or 13% from the second quarter of 1995 as proceeds from the sale of LDC bonds and reductions in credit losses and operating expenses more than offset lower trading revenues. International return on assets was 1.24% compared to 1.35% a year ago.

For the first half of 1996, international net income was $267 million, up $28 million or 12% from the 1995 level, while international return on assets was 1.30% compared to 1.40% last year.

NET INTEREST INCOME

Taxable equivalent net interest income was $1,187 million compared to $1,143 million in the second quarter of 1995 and $1,202 million last quarter.

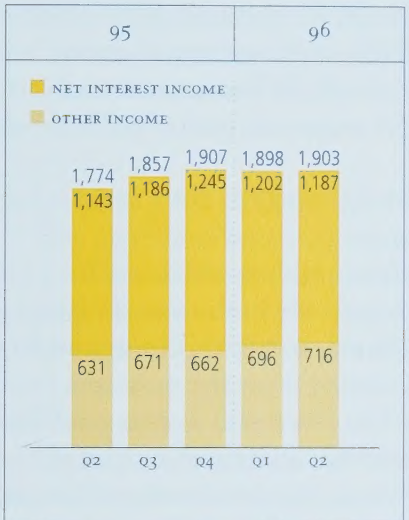
Contributing to the $44 million or 4% increase from a year ago were higher asset volumes, lower impaired loans and proceeds of $16 million this quarter from the sale of Brazilian and Argentine past due interest bonds.

Compared to last quarter, net interest income was $15 million lower as the positive impact of wider interest spreads was more than offset by 2 fewer days this quarter and reductions of $17 million in securities gains and of $9 million in proceeds from the sale of LDC past due interest bonds. Wider interest spreads resulted mainly from lower funding costs as a large volume of 1-year term deposits came up for renewal this quarter in an environment of lower interest rates. For example, the average prime rate was down nearly 300 basis points from the second quarter of 1995.

Securities gains were $33 million this quarter compared to $26 million a year ago and $50 million last quarter.

As a percent of average assets, net interest income was 2.56% versus 2.74% in the second quarter of 1995 and 2.60% last quarter. The decline from a year ago reflected a higher proportion of liquid assets (which are lower yielding than loans), a narrowing of the spread between the prime rate and retail deposit costs, and a shift to more costly term deposits from demand and notice accounts. The reduction from last quarter resulted from lower securi-

ties gains and a further build up of liquid assets this quarter.



Gross revenue
($ millions)

OTHER INCOME

Other income in the second quarter was $716 million, an increase of $85 million or 13% from a year ago and up $20 million or 3% from last quarter.

A record performance by RBC Dominion Securities led to increases in capital market fees of $102 million from a year ago and $41 million from last quarter.

Mutual fund fees increased by $13 million or 28% from the second quarter of 1995 and $8 million or 16% from last quarter. Royal Mutual Funds Inc. was Canada's fastest growing mutual fund family this quarter with total assets up from $12.9 billion at January 31, 1996 to $14.9 billion at April 30th. Solid growth in net sales, which accounted for nearly all of this quarter's $2.0 billion increase, reflected effective customer service, a strong distribution network, and good fund performance over the last year.

However, trading revenues declined by $26 million from a year ago and $21 million from last quarter. Currency and interest rate movements were not in line with the bank's expectations this quarter.

NON-INTEREST EXPENSES

During the second quarter, the bank experienced sharply higher expenses at RBC Dominion Securities, whose compensation costs are closely tied to its revenues. (As mentioned earlier, the firm had strong earnings this quarter.) In addition, the bank recorded further expenses in support of initiatives to improve efficiency and expand revenues.

Total non-interest expenses were $1,223 million, up $112 million or 10% from a year ago. Excluding RBC Dominion Securities, non-interest expenses were up $61 million or 6%.

Human resource costs were $70 million higher in total, but up $18 million or 3% excluding RBC Dominion Securities.

Communication expenses were up $20 million, largely due to higher telecommunication, marketing and postage costs. Telecommunication expenses have risen in line with the exceptional growth in the Royal Direct Telephone Banking service, where the number of customers has risen to over 500,000 in its first 20 months of operation. Higher marketing costs reflected aggressive promotion of products and services, including telephone banking and the bank's new Visa Classic II credit card.

Higher business and capital taxes, employee training costs and professional fees contributed to a $28 million increase in other expenses. Among the initiatives leading to higher professional fees was the ongoing review of the bank's $1.3 billion of annual purchasing costs. Through this initiative, the bank expects to reduce its cost base by $100 million over the next two to three years.

Compared to a quarter ago, non-interest expenses were up $37 million or 3%. Excluding RBC Dominion Securities, non-interest expenses increased $16 million or 2% as the benefit of a $17 million decline in human resource costs was more than offset by higher communication, equipment and other expenses, such as for employee training, relocation and professional fees.

The efficiency ratio, that is non-interest expenses as a percentage of total revenues, was 64.3% compared to 62.6% a year ago and 62.5% last quarter. The increase partially reflected a greater contribution from RBC Dominion Securities (whose efficiency ratio is higher than the bank's given the nature of its operations) and the cost of efficiency improvement and revenue growth initiatives.

In light of the strong performance at RBC Dominion Securities and other initiatives at the bank, Royal Bank Financial Group's non-interest expense growth in fiscal 1996 may exceed Canada's expected rate of inflation.

Discussion of the Balance Sheet and Capital

BALANCE SHEET

Total assets at April 30, 1996 were $199.5 billion, up $24 billion or 14% from a year ago and $8 billion or 4% higher than at the end of last quarter.

Compared to a year ago, cash resources and securities were up

$15.7 billion or 34%. Total loans and bankers' acceptances increased by $8.1 billion or 7%. Residential mortgages were $2.1 billion or 5% higher, while consumer instalment, credit card and other personal loans rose by $1.3 billion or 6%. Total business credit increased by $4.7 billion or 8% with business and government loans up $2.9 billion and reverse repurchase agreements $1.8 billion higher.

Total deposits were up $12.0 billion or 9%, with deposits by banks $4.9 billion or 34% higher, consumer deposits up $3.9 billion or 4% and deposits by businesses and governments increasing by $3.2 billion or 9%.

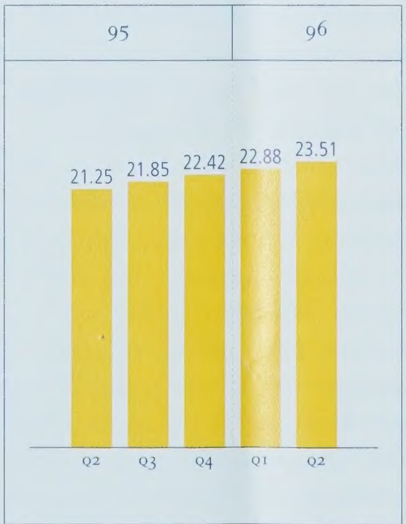
Compared to January 31, 1996, cash resources and securities were up $6.1 billion or 11%, reflecting an increase in deposits with banks and larger holdings of Canadian and other OECD government debt securities in the bank's investment account. Total loans and bankers' acceptances were up $1.7 billion or 1% with residential mortgages increasing by $700 million or 2% and consumer instalment, credit card and other personal loans up $235 million or 1%. Total business credit rose $830 million or 1% as a $1.9 billion increase in business and government loans (mainly in short-term credits) more than offset a $960 million reduction in reverse repurchase agreements and a $100 million decline in bankers' acceptances.

Total deposits were up $4.6 billion or 3% from a quarter ago with deposits by banks accounting for $3.3 billion of this increase. Consumer deposits were $640 million or 1% higher. Low interest rates this quarter encouraged more investments in mutual funds than deposit instruments.

Capital

At April 30, 1996, total capital (shareholders' equity and subordinated debentures) was $13.0 billion, an increase of $280 million or 2% from a quarter ago. The increase reflected $200 million of internally generated capital, the issuance of $100 million of subordinated debentures through a private placement this quarter, and a $20 million reduction relating to translation adjustments on foreign-currency denominated preferred shares and subordinated debenture issues.

Reflecting the $200 million increase in retained earnings, the bank's book value per share increased by 63 cents or 3% from last quarter to $23.51. Over the past 12 months, the bank's book value per share has increased by $2.26 or 11%.



Book value per share
($)

Tier 1 and Total capital ratios were 7.0% and 9.7%, respectively, at April 30, 1996 compared to 6.9% and 9.6% a quarter ago. Common equity represented 5.8% of risk-adjusted assets compared to 5.7% last quarter and the bank's corporate goal of 6.0%.

Credit Quality Review

Overview

The favourable trend in credit quality continued in the second quarter with both gross and net impaired loans declining from the previous quarter. The domestic commercial real estate portfolio continued to record reductions in impaired loans, while net impaired loans in the domestic consumer loan portfolio were relatively unchanged this quarter.

The ratio of net impaired loans to total loans and bankers' acceptances fell further this quarter. In addition, the bank continues to expect that the provision for credit losses in fiscal 1996 will be down 24%from the 1995 level.

The general provision was $300 million at April 30th, unchanged from a quarter ago.

Although easing somewhat from a quarter ago, conditions in the secondary market for LDC debt remained strong in the second quarter. This prompted the bank to sell Brazilian and Argentine past due interest bonds for proceeds of $16 million – $10 million relating to Brazil and $6 million to Argentina. Partially reflecting this sale, the market value surplus on the bank's LDC and Mexican exposures declined to $380 million at April 30, 1996 from $445 million a quarter ago, when prices for these securities had been at their highest level in over two years.

Of the $380 million surplus, $30 million related to bonds received in lieu of past due interest, which are carried on the bank's balance sheet at nil value and whose proceeds will be added to net interest income when the bonds are sold.

Provision for credit losses

The provision for credit losses was $110 million in the second quarter, down $30 million or 21% from the second quarter of 1995 and unchanged from a quarter ago.

The quarter's $110 million represents one-fourth of the $440 million provision estimated for fiscal 1996, down from $580 million in 1995.

As a percentage of average loans and bankers' acceptances, the provision for credit losses this year is expected to decline to the lower end of the bank's target range of .35%-.45% from .5% in 1995.

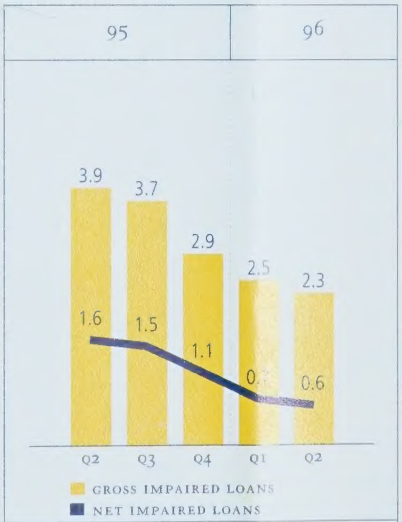
At April 30, 1996, the allowance for credit losses totalled $2.6 billion, including $1.3 billion of specific provisions, a country risk provision of $940 million (of which $62 million was used to reduce LDC gross non-accrual loans to nil) and a $300 million general provision.

Excluding LDCs, the coverage ratio (allowance for credit losses as a percentage of gross impaired loans) was 72% compared to 70% a quarter ago. This ratio remains among the highest in the Canadian banking industry. Upon further excluding the general provision, which has been established to cover potential losses in the credit portfolio, the coverage ratio would have been 59% versus 58% last quarter.

Impaired loans

At April 30, 1996, gross impaired loans were $2.3 billion, down $1.6 billion or 41% from the second quarter of 1995 and $200 million or 8% lower than at January 31, 1996.

Net impaired loans, that is gross impaired loans less the allowance for credit losses, were $633 million at April 30th, a reduction of $1.0 billion or 62% from a year ago and down $100 million or 14% from last quarter. The $100 million decline occurred in the domestic commercial real estate loan portfolio, reflecting the resolution of a few accounts.



Gross & Net Impaired Loans
($ billions)

As a percentage of total loans and bankers' acceptances, net impaired loans totalled .5% this quarter, down from 1.4% a year ago and .6% last quarter.

Summary

This quarter the bank recorded strong performances from two of its high-growth businesses – full-service brokerage (through RBC Dominion Securities) and mutual funds. RBC Dominion Securities turned in record results, fuelled by strong capital market conditions, while Royal Bank Mutual Funds Inc. was Canada's fastest growing mutual fund family, a performance achieved through effective customer service, a strong distribution network, and good fund performance over the past year.

Further improvement in asset quality was reflected in a net impaired loans ratio of .5% compared to 1.4% last year and .6% a quarter ago.

In the area of costs, non-interest expenses rose largely due to higher variable compensation at RBC Dominion Securities and the cost of initiatives aimed at improving efficiency and growing revenues.

With respect to revenues, other income accounted for 38% of total revenues this quarter, up from 36% in the second quarter of 1995 and 37% last quarter. This reflects the growing importance of fee-based businesses such as full-service and discount brokerage, mutual funds, and investment management and custodial services.

Revenue growth and diversification, efficiency improvement and a quality risk profile remain the three strategic priorities the bank will pursue to achieve consistent earnings growth and enhanced shareholder value.

Consolidated Statement of Income (unaudited)

(in millions of dollars, except per share amounts)	*For the three months ended* April 30 1996	January 31 1996	April 30 1995	*For the six months ended* April 30 1996	April 30 1995
Interest income					
Loans	**$2,427**	$2,522	$2,524	**$4,949**	$4,902
Securities	**573**	654	567	**1,227**	1,016
Deposits with banks	**215**	232	193	**447**	397
	3,215	3,408	3,284	**6,623**	6,315
Interest expense					
Deposits	**1,960**	2,135	2,075	**4,095**	3,903
Subordinated debentures	**75**	78	80	**153**	160
	2,035	2,213	2,155	**4,248**	4,063
Net interest income	**1,180**	1,195	1,129	**2,375**	2,252
Provision for credit losses	**110**	110	140	**220**	300
	1,070	1,085	989	**2,155**	1,952
Other income					
Capital market fees	**189**	148	87	**337**	182
Deposit and payment service charges	**172**	174	165	**346**	332
Investment management and custodial fees	**77**	77	66	**154**	132
Card service revenues	**62**	73	63	**135**	133
Mutual fund revenues	**59**	51	46	**110**	95
Trading revenues	**42**	63	68	**105**	127
Other	**115**	110	136	**225**	276
	716	696	631	**1,412**	1,277
	1,786	1,781	1,620	**3,567**	3,229
Non-interest expenses					
Human resources	**679**	674	609	**1,353**	1,237
Occupancy	**120**	123	116	**243**	232
Equipment	**120**	113	130	**233**	251
Communications	**130**	118	110	**248**	216
Other	**174**	158	146	**332**	291
	1,223	1,186	1,111	**2,409**	2,227
Net income before income taxes	**563**	595	509	**1,158**	1,002
Income taxes	**210**	230	200	**440**	370
Net income before non-controlling interest	**353**	365	309	**718**	632
Non-controlling interest in net income of subsidiaries	**13**	9	5	**22**	9
Net income	**$ 340**	$ 356	$ 304	**$ 696**	$ 623
Earnings per common share	**$ 0.97**	$ 1.01	$ 0.83	**$ 1.98**	$ 1.71

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(in millions of dollars)	APRIL 30 1996	JANUARY 31 1996	APRIL 30 1995
ASSETS			
Cash resources			
Cash and deposits with Bank of Canada	**$ 1,309**	$ 1,168	$ 1,105
Deposits with other banks	**22,359**	19,427	14,787
	23,668	20,595	15,892
Securities			
Investment account	**22,540**	19,321	19,608
Trading account	**15,056**	15,293	9,949
Loan substitute	**657**	644	747
	38,253	35,258	30,304
Loans			
Residential mortgages	**46,109**	45,427	44,059
Consumer instalment, credit card and other personal loans	**20,909**	20,674	19,655
Business and government loans	**51,064**	49,175	48,166
Assets purchased under reverse repurchase agreements	**4,620**	5,577	2,781
	122,702	120,853	114,661
Other			
Customers' liability under acceptances	**6,999**	7,101	6,963
Premises and equipment	**1,866**	1,879	1,917
Other assets	**5,978**	5,822	5,754
	14,843	14,802	14,634
	$199,466	$191,508	$175,491

	APRIL 30 1996	JANUARY 31 1996	APRIL 30 1995
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Consumers	**$ 91,436**	$ 90,796	$ 87,578
Businesses and governments	**39,115**	38,454	35,870
Banks	**19,272**	16,010	14,396
	149,823	145,260	137,844
Acceptances	**6,999**	7,101	6,963
Obligations related to assets sold under repurchase agreements	**10,236**	7,214	3,327
Obligations related to securities sold short	**7,732**	7,836	7,305
Other liabilities	**11,639**	11,342	7,428
Subordinated debentures	**3,651**	3,562	3,680
	190,080	182,315	166,547
Shareholders' equity			
Capital stock			
Preferred	**1,999**	2,005	2,268
Common	**2,910**	2,910	2,910
Retained earnings	**4,477**	4,278	3,766
	9,386	9,193	8,944
	$199,466	$191,508	$175,491

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six months ended *(in millions of dollars)*	APRIL 30 **1996**	APRIL 30 1995
Preferred Shares		
Balance at beginning of period	**$ 1,990**	$ 2,266
Translation adjustment on shares issued in foreign currency	**9**	2
Balance at end of period	**$ 1,999**	$ 2,268
Common Shares	**$ 2,910**	$ 2,910
Retained earnings		
Balance at beginning of period, as previously reported	**$ 4,132**	$ 3,413
Cumulative effect of initial adoption of the Impaired Loans accounting standard, net of taxes of $55 million	**(75)**	–
Balance at beginning of period, as restated	**4,057**	3,413
Net income	**696**	623
Dividends – preferred	**(75)**	(86)
– common	**(204)**	(182)
Unrealized foreign currency translation gains and losses, net of hedging activities and related income taxes	**3**	(2)
Balance at end of period	**$ 4,477**	$ 3,766
Total shareholders' equity	**$ 9,386**	$ 8,944
Comprised of:		
Preferred shares	**$ 1,999**	$ 2,268
Common shareholders' equity	**7,387**	6,676
Total	**$ 9,386**	$ 8,944

Consolidated Statement of Changes in Financial Position (unaudited)

For the six months ended (in millions of dollars)	April 30 1996	April 30 1995
Cash flows from operating activities		
Net income	$ 696	$ 623
Adjustments for depreciation, deferred income taxes and provision for credit losses	482	652
Net change in trading account securities	(2,118)	1,149
Other items, net	(328)	294
	(1,268)	2,718
Cash flows from financing activities		
Net change in obligations related to assets sold with recourse or under repurchase agreements	6,127	(2,286)
Net increase in deposits	6,332	2,029
Issue of subordinated debentures	100	200
Dividends	(279)	(268)
Other items, net	1,055	(938)
	13,335	(1,263)
Cash flows from investing activities		
Net change in non-operating deposits with other banks	(5,495)	557
Net change related to assets purchased under reverse repurchase agreements	(29)	2,478
Net increase in loans	(3,316)	(2,054)
Net increase in investment account and loan substitute securities	(3,486)	(3,769)
Net acquisitions of premises and equipment	(153)	(123)
Net increase in obligations related to securities sold short	604	1,736
	(11,875)	(1,175)
Net increase in cash and cash equivalents	192	280
Cash and cash equivalents at beginning of period	1,107	1,182
Cash and cash equivalents at end of period	$ 1,299	$ 1,462
Consisting of:		
Cash and deposits with Bank of Canada	$ 1,309	$ 1,105
Operating balances on deposits with other banks	869	677
Cheques and other items in transit, net	(879)	(320)
Total	$ 1,299	$ 1,462

Financial Statement Highlights

Statement of income *(as a % of average assets, taxable equivalent basis)*	Q2 1996	Q1 1996	Q4 1995	Q3 1995	Q2 1995	Q1 1995	Q4 1994	Q3 1994
Domestic								
Net interest income	**2.77%**	2.80%	2.89%	2.89%	2.90%	2.79%	3.08%	2.96%
Provision for credit losses	**(.32)**	(.32)	(.25)	(.32)	(.38)	(.45)	(.57)	(.58)
Other income	**1.63**	1.55	1.47	1.54	1.41	1.39	1.47	1.51
Non-interest expenses	**(2.95)**	(2.86)	(3.04)	(2.95)	(2.84)	(2.73)	(2.96)	(2.98)
Income taxes	**(.50)**	(.55)	(.49)	(.51)	(.50)	(.44)	(.44)	(.37)
Non-controlling interest	**(.04)**	(.02)	(.02)	(.02)	(.01)	(.01)	(.02)	(.02)
Return on assets	**.59%**	.60%	.56%	.63%	.58%	.55%	.56%	.52%
Average assets *($ billions)*	**$147.1**	$143.1	$140.9	$139.0	$136.8	$137.8	$135.0	$134.3
International								
Net interest income	**1.83%**	1.90%	2.52%	2.00%	2.10%	1.88%	2.05%	2.06%
Provision for credit losses	**.04**	.05	(.57)	(.34)	(.17)	(.03)	(.12)	(.11)
Other income	**1.26**	1.34	1.61	1.54	1.94	1.84	1.89	1.71
Non-interest expenses	**(1.54)**	(1.53)	(1.90)	(1.78)	(2.00)	(1.94)	(2.11)	(1.83)
Income taxes	**(.35)**	(.38)	(.29)	(.25)	(.52)	(.30)	(.39)	(.38)
Non-controlling interest	**.00**	(.01)	.00	(.01)	(.00)	(.01)	(.00)	(.01)
Return on assets	**1.24%**	1.37%	1.37%	1.16%	1.35%	1.44%	1.32%	1.44%
Average assets *($ billions)*	**$41.4**	$41.0	$34.7	$34.1	$34.0	$34.9	$33.7	$32.8
Total Bank								
Net interest income	**2.56%**	2.60%	2.81%	2.72%	2.74%	2.60%	2.87%	2.78%
Provision for credit losses	**(.24)**	(.24)	(.31)	(.32)	(.34)	(.37)	(.48)	(.49)
Other income	**1.55**	1.50	1.49	1.54	1.51	1.48	1.55	1.55
Non-interest expenses	**(2.64)**	(2.56)	(2.81)	(2.72)	(2.67)	(2.56)	(2.78)	(2.75)
Income taxes	**(.47)**	(.51)	(.45)	(.47)	(.50)	(.41)	(.43)	(.37)
Non-controlling interest	**(.03)**	(.02)	(.01)	(.02)	(.01)	(.01)	(.02)	(.02)
Return on assets	**.73%**	.77%	.72%	.73%	.73%	.73%	.71%	.70%
Average assets *($ billions)*	**$188.5**	$184.1	$175.6	$173.1	$170.8	$172.7	$168.7	$167.1
Return on assets (after preferred dividends)	**.65%**	.69%	.64%	.64%	.63%	.63%	.61%	.60%
Balance sheet *(at quarter end, $ millions)*								
Cash resources and securities	**$ 61,921**	$ 55,853	$ 50,415	$ 46,237	$ 46,196	$ 45,810	$ 44,144	$ 41,211
Loans	**122,702**	120,853	119,577	116,430	114,661	115,344	115,386	116,992
Bankers' acceptances	**6,999**	7,101	6,300	6,330	6,963	6,428	6,205	6,060
Other assets	**7,844**	7,701	7,360	7,772	7,671	7,763	7,344	7,835
Total assets	**$199,466**	$191,508	$183,652	$176,769	$175,491	$175,345	$173,079	$172,098
Deposits	**$149,823**	$145,260	$143,491	$137,626	$137,844	$137,027	$135,815	$136,831
Other liabilities & acceptances	**36,606**	33,493	27,595	26,592	25,023	25,777	25,198	23,313
Subordinated debentures	**3,651**	3,562	3,534	3,688	3,680	3,736	3,477	3,513
Preferred shares	**1,999**	2,005	1,990	2,000	2,268	2,296	2,266	2,285
Common shareholders' equity	**7,387**	7,188	7,042	6,863	6,676	6,509	6,323	6,156
Total liabilities & equity	**$199,466**	$191,508	$183,652	$176,769	$175,491	$175,345	$173,079	$172,098
Common equity/assets	3.7%	3.8%	3.8%	3.9%	3.8%	3.7%	3.7%	3.6%

	Q2 1996	Q1 1996	Q4 1995	Q3 1995	Q2 1995	Q1 1995	Q4 1994	Q3 1994
Common share information								
Shares outstanding *(thousands)*	**314,155**	314,155	314,155	314,155	314,155	314,155	314,155	314,155
Earnings per share	**$0.97**	$1.01	$0.90	$0.88	$0.83	$0.88	$0.83	$0.80
Dividends per share	**0.34**	0.31	0.31	0.29	0.29	0.29	0.29	0.29
Common share price – High	**33.50**	33.38	31.38	31.25	30.38	29.88	29.63	28.63
Low	**30.63**	29.75	28.13	28.88	27.25	25.88	27.38	25.13
Close	**32.25**	33.13	30.13	29.25	29.88	27.50	28.38	28.00
Book value per share	**23.51**	22.88	22.42	21.85	21.25	20.72	20.13	19.60
Return on equity	**17.0%**	18.0%	16.2%	16.4%	16.3%	17.2%	16.6%	16.5%
B.I.S. Capital *($ millions)*								
Tier 1 capital	**$ 8,815**	$8,598	$8,421	$8,242	$8,041	$7,884	$7,660	$7,511
Tier 2 capital	**3,475**	3,399	3,492	3,623	3,928	4,023	3,865	3,985
Total capital	**$ 12,290**	$11,997	$11,913	$11,865	$11,969	$11,907	$11,525	$11,496
Risk-adjusted assets and off-balance sheet items	**$126,861**	$125,222	$121,350	$119,909	$121,639	$123,319	$120,158	$121,399
Tier 1 capital to risk-adjusted assets	**7.0%**	6.9%	6.9%	6.9%	6.6%	6.4%	6.4%	6.2%
Tier 2 capital to risk-adjusted assets	**2.7**	2.7	2.9	3.0	3.2	3.3	3.2	3.3
Total capital to risk-adjusted assets	**9.7%**	9.6%	9.8%	9.9%	9.8%	9.7%	9.6%	9.5%
Other information								
Employees (full-time equivalent)	**47,684**	48,198	49,011	49,040	48,543	48,842	49,208	49,302
Automated banking machines	**4,166**	4,126	4,079	4,034	3,993	3,981	3,948	3,944
Service delivery units*								
Domestic	**1,529**	1,565	1,577	1,584	1,587	1,589	1,596	1,599
International	**104**	104	105	102	99	96	97	96

* Service delivery units consist of branches, specialized business centres, representative offices, agencies and subsidiaries dealing with clients.

Corporate Headquarters

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Stock Exchange Listings

(Symbol: RY)

COMMON SHARES LISTED ON:

CANADA:
Montreal, Toronto, Vancouver, Winnipeg and Alberta Stock Exchanges

U.S.A.:
New York Stock Exchange

SWITZERLAND:
Basel, Geneva and Zurich Stock Exchanges

U.K.:
London Stock Exchange

All Preferred shares, except Series C and D, are listed on the Toronto and Montreal Stock Exchanges. Preferred shares Series C and D are listed on the Alberta Stock Exchange.

Transfer Agent and Registrar

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Montreal Trust Company of Canada
P.O. Box 890, Station "B"
Montreal, Quebec, Canada
H3B 3K5
Telephone: (514) 982-7555
Fax: (514) 982-7635
Telex: 055-61286

Usual Dividend Dates

	Record dates	Payment dates
Common shares and Preferred shares series C, D, H, I, J and K	*Jan. 24* *Apr. 24* *Jul. 24* *Oct. 24*	*Feb. 24* *May 24* *Aug. 24* *Nov. 24*
Preferred shares series F and G	*Second week of Jan., Apr., Jul. and Oct.*	*Last trading day of Jan., Apr., Jul. and Oct.*
Preferred shares series E	*Last trading day of each month*	*12th day of the following month*

Direct Deposit Service

Shareholders may have their dividends deposited directly to a bank account at any financial institution that is a member of the Canadian Payments Association. To arrange for this, please write to Montreal Trust Company of Canada at their mailing address.

Duplicate Reports to Shareholders

While every effort is made to avoid duplication, if securities of the same class or series are registered in different names and/or addresses, multiple copies are forwarded. Shareholders receiving more than one copy are requested to write to Montreal Trust Company of Canada at their mailing address, so that arrangements may be made to avoid duplicate mailings.

Shareholder Contact

For change of address, shareholders are requested to write to the bank's transfer agent, Montreal Trust Company of Canada at their mailing address, and for dividend information and estate transfers, shareholders are requested to call the Transfer Agent at (514) 982-7555.

Other shareholder inquiries may be directed to our Shareholder Relations Department, by writing to the Bank's corporate headquarters or by calling (514) 874-5012.

Institutional Investor, Broker and Security Analyst Contact

Institutional investors, brokers and security analysts requiring financial information should contact the Manager, Investor and Shareholder Relations, by writing to the bank's corporate headquarters, or by calling (514) 874-5022 or by faxing (514) 874-5891.

General Information

Information concerning Royal Bank and its activities in Canada and abroad may be obtained from the Public Affairs Department, at the bank's corporate headquarters.